

8 May 1996

Mr. Reed E. Hundt.

Chairman

Federal Communications Committee EX PARTE OR LATE FILED

1919 M. St., N.W.

Washington, D.C. 20554

DOCKET FILE COPY ORIGINAL

CC 96-45
FCC MAIL ROOM
MAY 13 1996
RECEIVED

Dear Mr. Hundt:

The enclosed article has appeared several times in our local press: "Regional Bells Want ~~to~~ Hike Rates to Subsidize Schools, Hospitals". This is the result of the new telecommunications law that allowed Regional bells to enter long-distance telephone service, provide cellular and cable services. This law was eagerly sought by them for profit purposes.

It is inconceivable that the Bells did not know the contents of this law before it was formalized. Indeed, the press has reported that the Bells had their input into this legislation. Now they renig on their obligations and cry. In other words, I pay and they gain. All the projections that they make about lower, eventual costs to the consumer is another De-Ja-Vu of the break-up of A.T.&T. We heard the same things then and I'm still waiting to see lower telephone costs..you know for the "Consumer's good".

This law also brings up several other points: 1). Many of the entities such as Hospitals or schools are not destitute. Hospitals, just ~~because~~ they are tax-exempt, are not poor. Schools (public) are supported by local and state taxpayers. They should pay themselves and where provided for by local and state taxpayers, the taxpayer should decide whether the gain justifies the cost just as in School Bonding.

2). Unfunded Mandates: It is my understanding that Congress was not passing mandates without the funding apparent. This again makes the Regionals suspect. 3). There are already on my telephone bill, a number of state and federal taxes on a monthly basis, use this money to fund these programs.

Apple computer has given, to a number of schools, free computers..they write it off on their taxes. The re-wiring of American Institutions will not occur all at once so the cost can be spread out to the Bells over a period of time. Once the service is installed, their cash flow will be enhanced, not mine.

Perhaps no-one is listening but income for most Americans has fallen the past ten years. This proposed "tax" by the Bells further reduces income and like the Rose, "A Tax is a Tax whatever you call it". Once in place, it will not fade like a Rose but be with us forever.

Sincerely,

Tom Walker
Tom Walker

1331 Bellevue..#Q

Green Bay, Wisc. 54302.

No. of Copies rec'd 1
List ABCDE

Regional Bells Want Rate Hike To Subsidize Schools, Hospitals

WASHINGTON (Bloomberg) — Americans' monthly phone bills would rise about \$10 a month to subsidize telecommunications services to schools, libraries, hospitals, and poor and rural customers under a proposal by a regional Bell trade group.

Also, rates for all other telecommunications services, including long-distance phone service, paging, and wireless service should rise about the same amount per month if the subsidies, required by the new U.S. telecommunications law, are to be fulfilled, the United States Telephone Association said.

The increase would take today's \$18 average monthly local phone bill to about \$28 over five years, said Mary McDermott, USTA's vice president and general counsel.

On the other hand, the group says that new competition in the telecommunications marketplace should bring pressure to keep rates down, somewhat offsetting the increase necessary to meet the new law's requirements.

Also, state regulators will have the final say in determining how high rates can go and may decide to set up their own funds to keep phone rates below about \$28 a month, McDermott said.

The law says that telecommunications companies must pay to wire schools and libraries with new lines for phones and computers, and they must continue to subsidize poor and

rural customers.

The proposal outlined yesterday by the USTA is the way the leading local phone companies want to handle the requirement. All the regional Bells except Nynex Corp. sign on to the proposal, USTA said.

The proposal assumes it will take about \$11 billion to wire almost all the nation's schools and libraries, McDermott said. The proposal assumes local phone companies will have to pay for about a third to a half of that based on their percentage of telecommunications industry revenue. The rest would come from a surcharge on all other kinds of telecommunications services such as cellular service, USTA said.

"No single industry should be held responsible fulfilling this major goal," said Roy Neel, USTA president. "Each has a role and should make a significant contribution to the national education technology mandate."

The group's proposal comes as the Federal Communications Commission is looking for ways to raise money for a "universal service" fund that would pay for these continued and stepped-up services.

The Bells subsidize rural and poor customers by charging urban customers disproportionately more than it costs to deliver phone service to them. Also, the Bells charge long distance companies fees to begin and end their calls — some of which goes to subsidize poor and rural customers.

W' 's The Bottom? Compar' L' Prices